

LAUNCHVIC LIMITED

ABN: 176 1128 1737

**Financial Report For The Year Ended
30 June 2020**

LaunchVic Limited

ABN: 176 1128 1737

Financial Report For The Year Ended 30 June 2020

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LAUNCHVIC LIMITED
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DIRECTORS' REPORT

Your directors present this report on the company for the financial year ended 30 June 2020.

Directors

The names of each person who has been a director during the year and to the date of this report are:

Current Directors

Leigh Jasper	appointed 1/07/2020
Aneetha de Silva	appointed 1/07/2020
Catriona Larritt	appointed 1/10/2017
Constantine Frantzeskos	appointed 1/10/2017
Iiona Charles	appointed 1/07/2020
Teresa Engelhard	appointed 1/07/2020

Former Directors

Laura Anderson	retired 30/06/2020
Anne Bennett	retired 30/06/2020
Timothy Fawcett	retired 30/06/2020

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Mr Shane Morris was appointed Company Secretary on 27 October 2016 and remains in this role as at the date of this report.

Purpose and Objectives of LaunchVic

LaunchVic is the lead government agency responsible for the development and growth of the Victorian start-up ecosystem. The agency is responsible for:

- Supporting the startup ecosystem focused on the establishment and accelerated development of high-growth businesses
- Strengthening Victoria's entrepreneurial culture and capabilities; and
- Supporting innovative entrepreneurial firms to grow and contribute to the growth in the economy and employment in Victoria.

Financial Performance

LaunchVic Limited ("LaunchVic") generated a loss of \$4,312,745 for the twelve months ended 30 June 2020 (2019: Loss of \$1,577,317). LaunchVic received income of \$10,323,017 in 2019 /2020 (including various grants of \$10,058,042) and has expensed \$14,635,762 comprising project activities of \$12,769,126 and operational expenditure of \$1,866,636 during the 2019 /2020 year. In 2018 /2019 LaunchVic generated total income of \$17.01 million and expensed \$18.5 million.

Operational Highlights

During the reporting period, LaunchVic has supported 127 entrepreneurs and scaling startups through accelerator and equivalent programs, and over 2150 entrepreneurs to upskill through short-form programs such as hackathons, workshops, masterclasses, and mentoring.

LaunchVic has continued to work with Government on initiatives to strengthen Victoria's angel investor and venture capital landscapes, including providing policy advice on interventions that could accelerate the Victorian startup ecosystem. During the year, LaunchVic ran a competitive process to provide support for angel networks, resulting in \$1.16 million being allocated to support four new angel networks to be established in Victoria. A grant of \$1.5 million was provided to Boab Artificial Intelligence (AI) scaleup accelerator and investment program supported by Artesian Ventures, to include the establishment of the first dedicated AI venture capital fund in Victoria.

Initiatives to support the creation of startups included the announcement of LaunchVic's tenth grant round and high-performing grant recipients that saw \$1.9 million allocated to 12 programs to support the early stage ecosystem and scaling startups in August 2019. LaunchVic also announced a competitive grant round for the establishment of support to pre-accelerator programs with the aim of increasing the pipeline of early-stage startups in Victoria and supporting economic recovery from the impact of the COVID-19 pandemic. By increasing the density of startups in Victoria, our ecosystem will become globally competitive.

LaunchVic also continued to successfully operate the CivVic Labs Accelerator, with three startups from Cohort One executing development agreements with Government partners and seven startups graduating from Cohort 2. In addition, LaunchVic secured six new challenges in partnership with DHHS, Worksafe Victoria, Study Melbourne, Aboriginal Victoria and DELWP, for the third cohort of the accelerator that was announced in May 2020.

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To support startups to scale, LaunchVic re-funded three high-performing accelerator programs including Startmate Melbourne, Australian Sports Technologies Network (ASTN) and Startupbootcamp to launch a new Sports & EventTech program to continue to grow high quality scaling startups in addition to supporting the Boab AI scaleup accelerator. LaunchVic also developed and executed a pilot 'Alumni Program' for startups who attended LaunchVic funded programs, to provide continued support as they scale. The program launched in Feb 2020 and supported 82 Victorian companies.

In addition to the programs listed above, LaunchVic has commissioned key reports to support the development of the ecosystem including releasing an economic impact study of the Victorian startup ecosystem developed by Deloitte Access Economics "Productivity is not an accident – The economics and impact of Victoria's startup ecosystem" in June 2020. The report found that Victoria's early-stage startup sector revenue was \$4.6 billion in 2019, representing almost 19,000 jobs.

LaunchVic also undertook a comprehensive data cleanse of Victorian startups to inform our research, and commissioned an updated Ecosystem Mapping report, due for release in October 2020.

Our events and engagement have continued to increase. A highlight was the delivery of the LaunchVic conference "Yeah Nah 2019" in September 2019. In addition, we have continued to activate the Victorian Innovation Hub at The Goods Shed in partnership with Stone & Chalk. LaunchVic has also sponsored a number of community events including the Australian Sports Tech Conference held in August 2019, and regular Startup Victoria Pitch Nights.

As at 13 March 2020, the Board and Management of LaunchVic modified their Standard Operating Procedures given the COVID-19 global pandemic. Project Activities under the Term 2 strategy were reviewed and a revised strategy developed in response to the COVID-19 pandemic. The revised strategy was approved by the LaunchVic Board in May 2020.

Events After the Reporting Period

Other than the following, the directors are not aware of any significant events since the end of the reporting period.

As noted above, a total of three directors retired at 30 June 2020 and four new directors were appointed on 1 July 2020.

LaunchVic has recently been advised that further Victorian Government funding is currently available for LaunchVic as follows:

- i. \$4.92 million for the period 1 July 2020 to 31 December 2020, to support LaunchVic's continued operations; and
- ii. \$150,000 to support the Victorian Aboriginal Business Strategy to deliver supporting partnerships for startups and to promote young Aboriginal success stories.

LaunchVic and the Department will now move to agree the full terms of this funding through the usual legal documentation process after which the funds will become available to LaunchVic.

Information on Directors

Leigh Jasper

— From 1 July 2020 Chair of the Board. From 1 July 2020 Director. From July 2020 Member Audit, Finance & Risk Sub-Committee and member People Sub-Committee.

Experience

— Mr Jasper is currently the Chief Executive Officer of Saniel Ventures, and a non-executive director of SEEK Ltd, Salta Properties, Buildxact and the Burnet Institute. He was the co-founder and CEO of Aconex between May 2000 and August 2019. Aconex is the world's largest provider of online collaboration solutions to the construction and engineering industries. As Aconex CEO, Mr Jasper led global growth for Aconex, expanding the business into Asia, North America, South America, the Middle East. In September 2008, Aconex secured a A\$109.5 million funding deal and one of the largest private capital raisings by an Australian technology company. In 2014 the company listed on the ASX. In 2018 Oracle acquired Aconex for \$1.6 billion in Australia's largest technology M&A transaction.

Qualifications

— From the University of Melbourne: Bachelor of Engineering (BE) (Honours), Mechanical and Manufacturing Engineering. Bachelor of Science (BSc). Mathematics.

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Aneetha de Silva	—	From 1 July 2020 Director. From July 2020 Chair and member Audit, Finance & Risk Sub-Committee and member Grants and Funding Sub-Committee.
Experience	—	<p>Aneetha is a senior infrastructure executive with over 23 years' experience across the government and private sectors in Australia, South Africa and the Asia Pacific. She has particular expertise as an advisor, developer and manager of large infrastructure assets and services, especially in transport, telecommunications and property. Aneetha is currently Managing Director Government ANZ for Aurecon Group and a member of Aurecon's global board. She is also a board member of Roads Australia.</p> <p>Aneetha has extensive experience in complex commercial and stakeholder environments and is skilled at aligning government and private sector interests to drive industry, customer and community outcomes. She is passionate about innovation, particularly the potential for new technologies to meet emerging customer needs and transform access to community services.</p>
Qualifications	—	Aneetha holds a Bachelor of Laws and Masters of Law from the University of Melbourne, has completed executive education at the Kennedy School of Government, Harvard University and is a member of the Australian Institute of Company Directors.
Catriona Larritt	—	Director. Chair and member, Grants & Funding Sub-Committee
Experience	—	Ms Larritt is currently the Chief Customer Officer at Jetstar Airways. Catriona was previously a divisional General Manager of the Spotless Group and the General Manager of Australia Post Digital. Prior to her role at Australia Post, Ms Larritt was a Principal at the Boston Consulting Group and is currently a Commissioner of Super Netball League Limited.
Qualifications	—	Bachelor of Arts (University of Melbourne) MBA (Harvard University)
Constantine Frantzeskos	—	Director. Member Audit, Finance & Risk Sub-Committee
Experience	—	<p>Mr Frantzeskos is the founder of PENSO, a visionary digital strategy consultancy. The firm has offices in Australia, Silicon Valley and UAE. Con is also founder of startups MillionEyes, a visual analytics platform, and Conformly, a revolutionary cloud based home for brand and marketing guidelines.</p> <p>Mr Frantzeskos sits on the advisory board of the Swinburne University of Technology Innovation Precinct, and is the Australian presenting Partner of The Future Laboratory, one of the worlds most renowned futures and foresights consultancies.</p>
Qualifications	—	Bachelor of Economics (Monash) Graduate Diploma in Applied Finance and Investment (Finsia)

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Ilona Charles

Experience

- From 1 July 2020 Director. From July 2020 Chair and member People Sub-Committee.
- Ms Ilona Charles is an experienced executive with an extensive career in human resources, transformation and change across multiple industry segments. She has worked in global and complex organisations ranging from entrepreneurial start-ups to large-scale, multi-national corporations. Industries include digital and technology, financial services, health, telecommunications and government.

Qualifications

- Ilona has held executive roles with the CSIRO, Aconex, Telstra, Medibank and NAB. She commenced her career as an Occupational Therapist and has a Master of Business Administration. Ilona is now the CEO and Founder of pivotnow pty ltd, a consultancy providing strategic people advice to Founders/CEOs and Boards of organisations going through transition or scaling up. She has recently co-founded a new business, shilo. providing world class on-demand HR talent to organisations enabling them to scale up or down as needed. Ilona is a Director & Board member of Goulburn Valley Health (GVH), chair of the GVH Remuneration & Workforce Committee, Member of the People & Culture Committee, Burnet Institute and a member of the Judicial Entitlements Panel Victoria.
- Ilona is a graduate of the Australian Institute of Company Directors and a Certified member of the Australian Human Resources Institute.

Teresa Engelhard

Experience

- From 1 July 2020 Director.
- Ms Engelhard is currently the founder and CEO of EdTech startup StickyTek, and a non-executive director of ASX-listed tech unicorn WiseTech Global and national advocacy group StartupAUS.
- Arriving in Melbourne in 2006 from the Silicon Valley, Teresa was a partner for ten years with Jolimont Capital helping venture backed ANZ technology companies go global and achieve international exits. In that period, her investment NextWindow achieved an AVCAL Chairman's award for best IRR and Daintree Networks achieved Australia's highest value technology trade sale in 2016. At Daintree Networks, she was the longest serving director and helped the company successfully navigate multiple venture financings and US expansion leading to its sale to GE.

Qualifications

- Between 1996 and 2006 in California, Ms. Engelhard worked in venture capital at Mohr, Davidow Ventures and in executive roles including as VP of Software Solutions at \$5 billion US-listed ONI Systems and as a CEO and VP of Marketing at two start-ups backed by top-tier Sand Hill Road venture syndicates.
- Ms Engelhard has an MBA from Stanford University and a Bachelor of Science Honours in Engineering and Applied Science from Caltech.

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Former Directors

Laura Anderson

Experience

— Former Chair of the Board. Former Director. Former Member Audit, Finance & Risk Sub-Committee

— Ms Anderson is an international Company Director and Chairman of SVI Global Pty Ltd, OneGlobalVenture Pty Ltd and Foundation for the Advancement of Science and Technology.

Ms Anderson has worked extensively across governments and industries locally and globally as a senior advisor on global governance, strategy transformation and risk optimisation. Ms Anderson's professional speciality has been in harnessing the power of big data and its effects on global supply chains, industry structures, infrastructure development and societal transformation

Ms Anderson is on the Board of the Epworth Healthcare, Defence Science Institute, the National Basketball League, Defence Council Victoria and a Director of several private investment companies.

Ms Anderson is honoured as a Fellow of the Chartered Institute of Transport for her contributions to industry and was appointed as a Governor of the American Chamber of Commerce.

Laura was also honoured as both an Ambassador of International Women's Day on its 100th Anniversary and as an Australia Day Ambassador.

Qualifications

— Bachelor's Degree in Applied Mathematics and English – SMU

Anne Bennett

Experience

— Former Director. Former Member Grants & Funding Sub-Committee

— Anne is the Chief Digital Officer at AMP and has over 20 years experience in financial services organisations leading digital and corporate transformations.

Qualifications

— Bachelor of Economics (University of Sydney). Masters in Commerce and Technology (Macquarie University), MAICD, MAIPM.

Tim Fawcett

Experience

— Former Director, Former Chair and Member Audit, Finance & Risk Sub-Committee

— Mr Fawcett is the Head of Government Affairs for Cisco Systems Australia and New Zealand and a member of the Cisco ANZ senior leadership team. He is a Director of Diversity Council Australia where he Chairs the Information Technology board committee.

Qualifications

— Bachelor of Arts (Latrobe University) and a Masters in Public Policy and Economics (ANU)

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DIRECTORS' REPORT

Meetings of Directors

During the financial year, nine meetings of directors were held. Attendances by each director were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Laura Anderson	9	9
Anne Bennett	9	8
Timothy Fawcett	9	7
Constantine Frantzeskos	9	7
Catriona Larritt	9	9

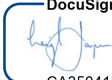
In addition to the above, during the 2019 /2020 year the Directors considered and unanimously agreed to two circular resolutions.

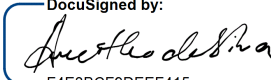
The entity is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$10 towards meeting any outstanding obligations of the entity. At 30 June 2020 the number of members was 1, (being the Treasurer, State Government, Victoria).

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on page 7 of the financial report.

This directors' report is signed in accordance with a resolution of the Board of Directors.

Director 
DocuSigned by:
CA3504132A6C450...
Leigh Jasper

Director 
DocuSigned by:
F4E3BCEFDDEEF416...
Aneetha de Silva

Director 
DocuSigned by:
Constantine Frantzeskos

Dated this 13th day of October 2020

Auditor-General's Independence Declaration

To the Directors, LaunchVic Limited

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General, an independent officer of parliament, is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised.

Under the *Audit Act 1994*, the Auditor-General is the auditor of each public body and for the purposes of conducting an audit has access to all documents and property, and may report to parliament matters which the Auditor-General considers appropriate.

Independence Declaration

As auditor for LaunchVic Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of auditor independence requirements of the *Corporations Act 2001* in relation to the audit.
- no contraventions of any applicable code of professional conduct in relation to the audit.

MELBOURNE
22 October 2020



Simone Bohan
as delegate for the Auditor-General of Victoria

LAUNCHVIC LIMITED
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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR
ENDED 30 JUNE 2020

	Note	2020	2019
		\$	\$
Income			
Grant income	2	10,058,042	16,469,156
Interest income	2	241,555	522,630
Other income	2	23,420	26,791
Total income		10,323,017	17,018,577
Expenses			
Program costs	3	12,769,126	16,063,912
Employee benefits expense	3	1,272,107	1,772,283
Audit, accounting and legal fees		88,395	69,510
Consultants		4,509	78,774
Administration, communications and marketing expenses		368,027	424,822
Contractors		122,325	171,645
Depreciation expense	3	11,273	14,948
Total expenses		14,635,762	18,595,894
Surplus (deficit) before income tax		(4,312,745)	(1,577,317)
Income tax expense	1(j)	-	-
Net surplus (deficit)		(4,312,745)	(1,577,317)
Total comprehensive income (deficit) for the year		(4,312,745)	(1,577,317)

The accompanying notes form part of these financial statements.

LAUNCHVIC LIMITED
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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents	4	19,679,247	23,629,685
Accounts receivable and other debtors	5	360,065	447,316
Total current assets		<u>20,039,312</u>	<u>21,437,530</u>
Property, plant and equipment	6	15,075	22,101
Total non-current assets		<u>15,075</u>	<u>22,101</u>
Total assets		<u>20,054,387</u>	<u>21,459,631</u>
Liabilities			
Current liabilities			
Accounts payable and other payables	7	2,463,029	2,209,806
Employee provisions	8	104,387	89,580
Total current liabilities		<u>2,567,416</u>	<u>2,299,386</u>
Total liabilities		<u>2,567,416</u>	<u>2,299,386</u>
Net assets		<u>17,486,971</u>	<u>19,160,245</u>
Equity			
Retained surplus		17,486,971	21,799,716
Total Equity		<u>17,486,971</u>	<u>21,799,716</u>

The accompanying notes form part of these financial statements.

LAUNCHVIC LIMITED
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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Retained Surplus \$
Balance at 1 July 2018	<u>23,377,033</u>
Net surplus (deficit)	(1,577,317)
Balance at 30 June 2019	<u><u>21,799,716</u></u>
Balance at 30 June 2019	21,799,716
Net surplus (deficit)	(4,312,745)
Balance at 30 June 2020	<u><u>17,486,971</u></u>

The accompanying notes form part of these financial statements.

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
Cashflows from operating activities			
State government grants		10,942,846	18,116,072
Payments for program activities		(13,957,484)	(16,570,302)
Payments to suppliers and employees		(1,896,301)	(2,639,471)
Interest received		291,538	522,630
Receipts from other income		8,892	28,921
Net cash generated from operating activities	14	<u>(4,610,509)</u>	<u>(542,150)</u>
Cashflows from investing activities			
Payments for property, plant and equipment		<u>(4,247)</u>	<u>(1,635)</u>
Net cash used in investing activities		<u>(4,247)</u>	<u>(1,635)</u>
Cashflows from financing activities			
Increase in deposits held on behalf of third parties		<u>664,318</u>	<u>195,000</u>
Net cash used in financing activities		<u>664,318</u>	<u>195,000</u>
Net increase in cash held		(3,950,438)	(348,785)
Cash on hand at beginning of the financial year		<u>23,629,685</u>	<u>23,978,470</u>
Cash on hand at end of the financial year	4	<u><u>19,679,247</u></u>	<u><u>23,629,685</u></u>

The accompanying notes form part of these financial statements.

LAUNCHVIC LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 1 Summary of Significant Accounting Policies

LaunchVic Limited ("the Company") is the Victorian Government Agency responsible for supporting the growth of Victoria's startup ecosystem through driving programs and projects that empower entrepreneurs to scale innovative companies and deliver new industry benefits to the Australian economy.

The financial statements were authorised for issue on 13th October 2020 by the Directors of LaunchVic Limited.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and the Corporations Regulations 2001. LaunchVic is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

(a) Revenue

The Company receives grant revenue from government bodies that are enforceable and have specific performance obligations. This grant revenue is recognised as revenue in accordance with AASB 15.

Income from Grants enforceable and with sufficiently specific performance obligations are accounted for as revenue from contracts with customers. Revenue is recognised when the relevant department recognises the required performance obligation has been met. This is recognised based on the consideration specified in the funding agreement and to the extent that it is highly probable a significant reversal of the revenue will not occur. The funding payments are normally received shortly after the relevant obligation is satisfied.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax.

(b) Program Costs

These expenses are related to payments made and / or accrued to funding recipients for grants and specific costs related to program activities.

Costs are recognized in the profit and loss when the grant is paid and when it is probable that the grant will be paid. Costs are accrued at year end to represent work undertaken by the grant recipient up until the end of the financial year where there is sufficient certainty that the grant conditions will subsequently be fully met.

(c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, accumulated depreciation and any impairment losses.

Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment).

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. All plant and equipment is depreciated at a rate of 33% per annum. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

(d) Financial Instruments

Introduction

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. LaunchVic Limited applies AASB 9 and classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

(d) Financial Instruments (continued)

Categories of financial assets under AASB 9

Financial assets at amortised cost .

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by the company to collect the contractual cash flows; and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

Cash and deposits, receivables (excluding statutory receivables) and term deposits are recognised using this method.

Categories of financial liabilities under AASB 9

Financial liabilities at amortised cost are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability, using the effective interest rate method.

LaunchVic Limited recognises payables (excluding statutory payables) in this category.

Derecognition

A financial asset is derecognised when the holder's contractual rights to its cash flows expire, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an "other economic flow" in the comprehensive operating statement

Impairment

The entity recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost or fair value through other comprehensive income. Loss allowance is not recognised for financial assets measured at fair value through profit / loss.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument. The entity used the simplified approach to impairment and the low credit risk operational simplification approach, as applicable under AASB 9.

Recognition of expected credit losses in financial statements

At each reporting date, the entity recognised the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income. The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

(e) New and Amended Accounting Policies Adopted by the Entity

Initial application of AASB 16: Leases

The entity has adopted AASB 16: Leases with a date of initial application of 1 July 2019.

The key changes introduced by AASB 16 include the recognition of most operating leases (which were previously not recognised) in the statement of financial position, which has an impact on net debt.

The Company has no leases however as noted in note 13 the State does provide access to accommodation for the Company at no cost. The provision of accommodation where the accommodation is at significantly below-market terms and principally for the Company to further its objectives is considered a 'peppercorn' lease.

The Company has not applied the fair value measurement requirements for right-of-use assets arising from leases with significantly below-market terms and conditions. LaunchVic is allowed a temporary exemption from this requirement under AASB 16 as the facilities are provided principally to enable LaunchVic to further its objectives. Further required disclosure related to the peppercorn lease is set out in note 13.

There was no financial impact on the financial statements arising from the first time adoption of AASB 16.

LAUNCHVIC LIMITED**ABN: 176 1128 1737****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020****(e) New and Amended Accounting Policies Adopted by the Entity (continued)*****Initial application of AASB 1058: Income of Not-for-Profit Entities***

The entity has adopted AASB 1058: Income of Not-for-Profit-Entities with a date of initial application of 1 July 2019. As a result, the entity has changed its revenue accounting policies as detailed in the significant accounting policies note 1(a) and Note 2.

Initial application of AASB 15: Revenue from Contracts and Customers

The entity has adopted AASB 15: Income of Revenue from Contracts and Customers with a date of initial application of 1 July 2019. As a result, the entity has changed its revenue accounting policies as detailed in the significant accounting policies note 1(a) and Note 2.

(f) Impairment of Assets

At the end of each reporting period, the entity assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

(g) Employee Benefits

Provision is made for LaunchVic Limited's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

LaunchVic Limited's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position.

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less.

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(j) Income Tax

No provision for income tax has been raised as the entity is exempt from income tax under 24AM of the *Income Tax Assessment Act 1997*.

(k) Accounts receivable and other debtors

Accounts receivable and other debtors include amounts receivable in respect of GST refunds. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(d) for further discussion on the determination of impairment losses.

(l) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of reporting period.

(m) Comparative Figures

When required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(n) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by LaunchVic Limited during the reporting period that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

LAUNCHVIC LIMITED**ABN: 176 1128 1737****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020****(o) Critical Accounting Estimates and Judgements****Key Estimates**

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within LaunchVic Limited.

Key Judgements*Other Payables - accruals at year end*

LaunchVic Limited contracts with various parties to undertake activities on behalf of LaunchVic. These arrangements are documented in formal contractual arrangements whereby recipients undertake services and in return LaunchVic is obliged to make payments on the completion of various milestones. At year end, LaunchVic has undertaken an analysis of contracts and determined an approximation of the amount of accrued costs for work undertaken under the contract from the previous contract milestone date until 30 June 2019 having regard to various factors including the actual contract, the relevant milestone, the likelihood that the milestone payment will be ultimately made.

Employee benefits

AASB 119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting. LaunchVic Limited expects that most employees will use all of their annual leave entitlements in the same year in which they are earned or during the 12 month period.

(p) Economic Dependence

LaunchVic incurred a loss of \$4,312,745 in the 2019/20 year (2019: loss \$1,577,317) and had negative net cash generated from operating activities of \$4,610,509 (2019: loss \$542,150). The net loss has been financed from the accumulated surplus generated in prior years. As at 30 June 2020 the net assets of LaunchVic were in excess of \$17.4 million, of which the majority was represented by cash.

LaunchVic may generate losses in the next period from the execution of program activities contracted at 30 June 2020 (refer to note 9) and will continue supporting the growth of Victoria's start-up ecosystem through driving programs and projects over the next twelve month period. LaunchVic has sufficient cash reserves to pay debts as they come due and that on this basis the financial statements have been prepared on a on a going-concern basis.

(q) Fair Value of Assets and Liabilities

LaunchVic Limited measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

"Fair value" is the price LaunchVic Limited would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (if any) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and where significant, are detailed in the respective note to the financial statements.

(r) Contributions by owners

Consistent with the requirements of AASB 1004 Contributions, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of LaunchVic Limited.

(s) Foreign currency balances / transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign monetary items existing at the end of the reporting period are translated at the closing rate at the date of the end of the reporting period. Non-monetary assets carried at fair value that are denominated in foreign currencies are translated to the functional currency at the rates prevailing at the date when the fair value was determined. Foreign currency translation differences are recognised in other economic flows in the consolidated comprehensive operating statement and accumulated in a separate component of equity, in the period in which they arise.

LAUNCHVIC LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

(t) New and amended Accounting Standards

Certain new and revised accounting standards have been issued but are not effective for the 2019-20 reporting period. These accounting standards have not been applied to these financial statements. The company is reviewing its existing policies and assessing the potential implications of these accounting standards which include:

AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material

This Standard principally amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. It applies to reporting periods beginning on or after 1/1 2020 with earlier application permitted. LaunchVic has not earlier adopted the Standard. The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence. LaunchVic is in the process of analysing the impacts of this Standard however, it is not anticipated to have a material impact.

Other

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods, but are considered to have limited impact on the LaunchVic's reporting.

Note 2 Revenue and Other Income

	2020	2019
	\$	\$
Revenue		
Income recognised as income of not-for-profit entities		
— State Government grants – Program costs	8,094,434	14,082,032
— State Government grants - Operating costs	1,963,608	2,387,124
	<u>10,058,042</u>	<u>16,469,156</u>
Other revenue		
— Interest received on investments in government and fixed interest securities	241,555	522,630
	<u>241,555</u>	<u>522,630</u>
Total revenue	<u>10,299,597</u>	<u>16,991,786</u>
Other income		
— Rental and sundry income	23,420	26,791
Total other income	<u>23,420</u>	<u>26,791</u>
Total revenue and other income	<u>10,323,017</u>	<u>17,018,577</u>

LaunchVic has determined that all grant income is recognised as income of not-for-profits in accordance with AASB 1058, except for grants that are enforceable and with sufficiently specific performance obligations which are accounted for as revenue from contracts with customers in accordance with AASB 15.

There was no financial impact on the financial statements arising from the first time adoption of AASB 1058 and AASB 15. Additional disclosure related to revenue is included within note 17.

Note 3 Expenses from transactions

	2020	2019
	\$	\$
Employee benefits expense:		
— Salary and wages	1,850,363	1,541,250
— Work cover	16,550	9,575
— Payroll tax	5,258	80,710
— Superannuation	170,335	140,748
— Reported and included as direct program costs	(770,399)	-
Total employee benefits expense	<u>1,272,107</u>	<u>1,772,283</u>
Depreciation:		
— Plant and equipment	11,273	14,948
Program costs	<u>12,769,126</u>	<u>16,063,912</u>
Audit fees (audit services)	<u>19,500</u>	<u>19,500</u>

LAUNCHVIC LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 4 Cash and Cash Equivalents

	2020	2019
	\$	\$
Current		
Cash at bank	18,819,929	23,434,685
Restricted term deposits	<u>859,318</u>	<u>195,000</u>
	<u>19,679,247</u>	<u>23,629,685</u>

Restricted term deposits

LaunchVic has responsibility for transactions and balances relating to funds held in trust on behalf of third parties external to the company. Funds managed on behalf of third parties are not recognised in LaunchVic's statement of profit and loss and other comprehensive income as they are managed on a fiduciary and custodial basis and therefore are not controlled by LaunchVic. The funds held in trust relate to the 'CivVic accelerator program' where third parties provide deposits to LaunchVic. In all cases the funds held in Trust are only paid out at the specific direction and instruction of the third party. A corresponding liability is included within 'Other current payables' (refer note 7).

Note 5 Trade and Other Receivables

	\$	\$
Current		
Trade receivables	141,264	550
Accrued interest	1,973	49,963
Other receivables	<u>216,828</u>	<u>396,803</u>
Total current accounts receivable and other debtors	<u>360,065</u>	<u>447,316</u>

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component. As described in Note 1(d), LaunchVic Limited recognises a loss allowance for expected credit losses on receivables that are measured at amortised cost or fair value through the profit and loss statement. Expected credit losses are probability weighted estimates based on the general approach, whereby an assessment of individual debtors is made at year end to determine the likelihood of loss having regard to all the circumstances. There was no doubtful debts provision at year end or any movement in the provision over the reporting period. The average credit period on accounts receivable is 30 days. Other receivables relate to refunds due by the Australian Taxation Office in regards to GST. These amounts have substantially been received after balance date.

Note 6 Property, Plant and Equipment

	2020	2019
	\$	\$
Plant and equipment:		
Plant and equipment:		
At cost	57,207	52,960
Less accumulated depreciation	<u>(42,132)</u>	<u>(30,859)</u>
Total plant and equipment	<u>15,075</u>	<u>22,101</u>

Movements in Carrying Amounts

Movement in the Carrying Amounts for each class of plant and equipment between the beginning and the end of the financial year:

	2020	2019
	Plant	Plant
	\$	\$
Balance at the beginning of the year	22,101	35,414
Additions at cost	4,247	1,635
Depreciation expense	<u>(11,273)</u>	<u>(14,948)</u>
Carrying amount at the end of the year	<u>15,075</u>	<u>22,101</u>

Note 7 Trade and Other Payables

	2020	2019
	\$	\$
Current		
Accounts payable	753,765	1,706,255
Other current payables	1,709,264	447,400
GST Payable	<u>-</u>	<u>56,151</u>
	<u>2,463,029</u>	<u>2,209,806</u>

(a) Financial liabilities at amortised cost classified as accounts payable and other payables

Accounts payable and other payables:		
— Total current	7(a)	2,463,029
— Less other payables (net amount of GST payable)		<u>(1,709,264)</u>
Financial liabilities, accounts payable, other payables	15	<u>753,765</u>

The average credit period on accounts payable and other payables (excluding GST payable) is one month. No interest is payable on outstanding payables during this period. For payables outstanding longer than one month, 0% per annum is payable.

LAUNCHVIC LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 8 Provisions

	2020	2019
Current	\$	\$
Provision for employee benefits: annual leave	<u>104,387</u>	<u>89,580</u>
	<u>104,387</u>	<u>89,580</u>

Analysis of total provisions:

Opening balance at 30 June 2019	89,580	67,200
Additional provisions raised during the year	170,167	140,113
Amounts used	<u>(155,360)</u>	<u>(117,733)</u>
Balance at 30 June 2020	<u>104,387</u>	<u>89,580</u>

Employee Provisions

Employee provisions represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, LaunchVic expects that most of the annual leave or long service leave balances classified as current liabilities will be settled within the next 12 months, although a portion may not be paid within twelve months. However, these amounts are all classified as current liabilities since LaunchVic does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

Note 9 Grant and Other Commitments**(a) Grant and other Commitments**

	2020	2019
Payable – minimum payments:	\$	\$
— not later than 12 months	6,165,359	13,389,630
— between 12 months and five years	<u>5,054,838</u>	<u>7,087,349</u>
	<u>11,220,197</u>	<u>20,476,979</u>

The above relates to contracts entered into by LaunchVic Limited with various recipients. The amounts are the gross payments expected to be paid to grant recipients under the contracts, having regard to any variations, and terminations since 30 June 2020.

(b) Operating and lease commitments

LaunchVic Limited has not entered into any operating or lease commitments as at 30 June 2020 (2019: Nil).

Note 10 Contingent Liabilities and Contingent Assets

LaunchVic has no contingent assets or liabilities at 30 June 2020 (2019: Nil).

Note 11 Events After the Reporting Period

Other than the following, the directors are not aware of any significant events since the end of the reporting period.

Three directors of the Company retired at 30 June 2020 and four new directors were appointed on 1 July 2020. The retiring directors were Laura Anderson (Chair), Tim Fawcett and Anne Bennett. The newly appointed directors are Leigh Jasper (Chair), Aneetha de Silva, Ilona Charles and Teresa Engelhard. Full details of the Directors qualifications and experience are set out in the Directors' report.

LaunchVic has recently been advised that further Victorian Government funding is currently available for LaunchVic as follows:

- i. \$4.92 million for the period 1 July 2020 to 31 December 2020, to support LaunchVic's continued operations; and
- ii. \$150,000 to support the Victorian Aboriginal Business Strategy to deliver supporting partnerships for startups and to promote young Aboriginal success stories.

LaunchVic and the Department will now move to agree the full terms of this funding through the usual legal documentation process after which the funds will become available to LaunchVic.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 12 Responsible Officers

The name of each person holding the position of director of LaunchVic Limited during the financial year are:

	Appointment Period
Current Directors:	
Ms L Anderson	1/7/2018 to 30/6/2019
Mr T Fawcett	1/7/2018 to 30/6/2019
Mr C Frantzeskos	1/7/2018 to 30/6/2019
Ms A Bennett	1/7/2018 to 30/6/2019
Ms C Larritt	1/7/2018 to 30/6/2019

Director Remuneration

No director was entitled to remuneration to perform their duties as a director of LaunchVic. Directors were reimbursed reasonable out of pocket expenses including taxis and other sundry costs. No director was an executive of LaunchVic during the reporting period.

No director has entered into a contract with LaunchVic since the end of the previous financial year and there were no contracts involving directors' interests subsisting at year end. No director beneficially holds, or has previously beneficially held shares in LaunchVic.

Executive Remuneration and Key Management Personnel

The Hon Ms Jaala Pulford is the Responsible Portfolio Minister. She held this position for the period 22/06/2020 to 30/6/2020. The Hon Mr Martin Pakula was the Responsible Portfolio Minister from 1 July 2019 to 22 June 2020.

The compensation for the responsible Minister's remuneration and allowances is set by the Parliamentary Salaries and Superannuation Act 1968 and is reported within the of Department of Parliamentary Services' Financial report.

The persons who held the position of Accountable Officer and Key Management Personnel in LaunchVic Limited are as follows:

Dr. Kate Cornick Chief Executive Officer 1 July 2019 to 30 June 2020

Remuneration received or receivable by the Accountable Officer and Company executives in connection with the management of LaunchVic Limited during the reporting period are detailed below. The totals of remuneration paid to KMP of LaunchVic Limited during the year are as follows:

	2020	2019
	\$	\$
KMP compensation:		
— short-term employee benefits	289,620	282,689
— post-employment benefits	22,500	23,311
	<u>312,120</u>	<u>306,000</u>

Dr Cornick was Key Management Personnel for the full 2020 and 2019 financial years.

Note 13 Other Related Party Transactions

LaunchVic is wholly and beneficially owned by the State of Victoria. As such all State Government Departments are considered to be related parties.

For the year ended 30 June, 2020 the Victorian Government Department of Jobs, Precincts and Regions (the Department") provided funding of \$9,818,042 under its funding arrangements (see note 1(p)).

During the financial year the CivVic Labs Accelerator Program progressed and the Department of Premier and Cabinet provided \$240,000 of further funding under the terms of the funding agreement (as amended) signed in the previous financial year. In total \$490,000 of the total \$500,000 of funding has been provided by Department of Premier and Cabinet of which \$240,000 has been recorded as revenue in the current year (2019: 250,000).

During the period the Department provided staff, resources and office, meeting and events accommodation to LaunchVic Limited at no cost. The value of these services has not been included in the financial statements as it is inherently difficult to determine a market value of the goods and services provided. In addition the Department is a supplier of minor services including catering and meeting room support to LaunchVic Limited during the year. These services were provided on a normal commercial basis.

The Victorian Government provides LaunchVic with use of its premises at 710 Collins Street, Melbourne at no cost. This facility includes approximately 70 square metres of office accommodation, and additional space (shared meeting rooms, event and accelerator space). There are significant usage restrictions in relation to much of the space. For example the meeting rooms and event space are shared with various other parties and the event space is not available for usage in usual working hours. In the event that the space was no longer available, LaunchVic would need to rent alternative office space and potentially rent event and other space on an adhoc basis, as required.

Details of the Directors' remuneration and retirement benefits along with Key Management Personnel Compensation are set out in Note 12. Other than where set out in Note 12, there were no transactions of a financial nature between LaunchVic and its Directors during the reporting period.

There were no other transactions between related parties. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 14 Cash Flow Information

	2020 \$	2019 \$
Reconciliation of net results for the period to cashflow from operating activity		
Net surplus (deficit)	(4,312,745)	(1,577,317)
Non-cash flows:		
Depreciation expense	11,273	14,948
Movements in assets and liabilities:		
(Increase)/decrease in accounts receivable and other debtors	39,259	(215,908)
(Increase)/decrease in accrued interest	47,991	(9,983)
Increase/(decrease) in accounts payable and other payables	(411,094)	1,223,730
Increase/(decrease) in employee provisions	14,807	22,380
	<u>(4,610,509)</u>	<u>(542,150)</u>

Note 15 Financial Risk Management

LaunchVic's accounting policy for financial assets and liabilities are set out in note 1(d).

The carrying amounts for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	Amortised cost \$ 2020	Amortised cost \$ 2019
Financial assets			
Cash and cash equivalents	4	859,318	23,629,685
Trade receivables	5	141,264	550
Accrued interest	5	1,973	49,963
Total financial assets		<u>1,002,555</u>	<u>23,680,198</u>
Financial liabilities			
Financial liabilities at amortised cost:			
— accounts payable and other payables	7	753,765	1,706,255
Total financial liabilities		<u>753,765</u>	<u>1,706,255</u>

Specific Financial Risk Exposures and Management

The main risks LaunchVic is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and other price risk. There have been no substantive changes in the types of risks LaunchVic Limited is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to LaunchVic Limited.

LaunchVic does not have any material credit risk exposures as its major source of revenue is the receipt of grants. Credit risk is further mitigated as grants are received from State Governments are in accordance with funding agreements which ensure regular and scheduled funding.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Accounts receivable and other debtors that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed at Note 5.

LaunchVic has no significant concentrations of credit risk exposure to any single counterparty or group of counterparties. Details with respect to credit risk of accounts receivable and other debtors are provided in Note 5.

Credit risk related to balances with banks and other financial institutions is managed by the Audit, Finance and Risk committee in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

	Note	2020 \$	2019 \$
Cash and cash equivalents			
— AA Rated		19,679,247	23,629,685
	4	<u>19,679,247</u>	<u>23,629,685</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

(b) Liquidity risk

Liquidity risk arises from the possibility that LaunchVic might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. LaunchVic Limited manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

(c) Market Risk**Interest rate risk**

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. LaunchVic is also exposed to earnings volatility on floating rate instruments.

The financial instruments that expose LaunchVic to interest rate risk are limited to fixed interest securities and cash on hand.

Sensitivity Analysis

The following table illustrates sensitivities to LaunchVic's exposures to changes in interest rates and equity prices. The table indicates the impact of how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

Year ended 30 June 2020	Deficit	Equity
	\$	\$
+/- 0.5% in interest rates	102,350	102,350
Year ended 30 June 2019	Surplus	Equity
	\$	\$
+/- 0.5% in interest rates	130,800	130,800

No sensitivity analysis has been performed on foreign exchange risk as LaunchVic Limited has no material exposures to currency risk.

Note 16 Fair Value Measurements

Fair Value requires judgement and the use of assumptions. This section sets out information on how LaunchVic Limited determined fair value for financial reporting purposes.

LaunchVic holds a range of financial instruments that are recorded in the financial statements where the carrying value amounts approximate to fair value, due to the short term nature or with expectation that they will be paid out in full by the end of the 2020 - 2021 reporting period. The table below sets out the financial assets and liabilities recorded in the financial statements where the carrying amount approximates the fair value. There are no financial assets for which the carrying amount exceeds the net fair value.

Recurring fair value measurements	Note	2020	2019
		\$	\$
<i>Financial assets</i>			
Cash on Hand	4	859,318	195,000
Trade receivables	5	141,264	550
Accrued interest	5	1,973	49,963
		1,002,555	245,513
<i>Financial Liabilities</i>			
Accounts payable	7	753,765	1,706,255
		753,765	1,706,255

- (i) LaunchVic considers the carrying amount of financial assets and liabilities recorded in the financial statements to be a reasonable approximation of their fair value, either due to their short term nature or with the expectation that they will be paid in full.
- (ii) No financial assets and financial liabilities are readily traded on organised markets. There are no financial assets for which the carrying amount exceeds the net fair value:

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 17 Government Grant Acquittal

LaunchVic derives its major revenue streams from various government grants and this revenue is provided to advance specific programs as set out below.

Year Ended 30 June 2020

	Project Activities		Operational	Surplus
	Revenue	Costs	Costs	
	2020	2020	2020	
	\$	\$	\$	\$
Department of Jobs, Precincts and Regions Funding	9,818,042	(11,738,493)	(1,866,636)	(3,787,087)
Victorian Aboriginal Strategy Grant	-	-	-	-
Department Premier and Cabinet Funding (CivVic)	240,000	(965,633)	-	(725,633)
Department of Health and Human Services Funding	-	(65,000)	-	(65,000)
Interest and other income	264,975	-	-	264,975
	<u>10,323,017</u>	<u>(12,769,126)</u>	<u>(1,866,636)</u>	<u>(4,312,745)</u>

Year Ended 30 June 2019

	Project Activities		Operations	Surplus
	Revenue	Costs	Costs	
	2019	2019	2019	
	\$	\$	\$	\$
Department of Jobs, Precincts and Regions Funding	15,914,156	(14,929,793)	(2,531,982)	(1,547,619)
Victorian Aboriginal Strategy Grant	225,000	(679,000)	-	(454,000)
Department Premier and Cabinet Funding (CivVic)	250,000	(455,119)	-	(205,119)
Department of Health and Human Services Funding	80,000	-	-	80,000
Interest and other income	549,421	-	-	549,421
	<u>17,018,577</u>	<u>(16,063,912)</u>	<u>(2,531,982)</u>	<u>(1,577,317)</u>

As set out in Note 9, prior to 30 June 2020 LaunchVic Limited has contracted and committed with various parties to undertake future activities. The amounts set up out above exclude future contracted commitments.

Note 18 Members' Guarantee

The registered office and principal place of business is:

Victorian Innovation Hub
710 Collins Street, Docklands, Victoria, 3008


Note 19 Members' Guarantee

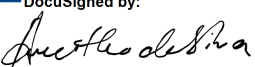
The entity is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$10 towards meeting any outstanding obligations of the entity. At 30 June 2020 the number of members was 1, (being the Treasurer, State Government, Victoria).

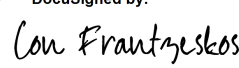
LAUNCHVIC LIMITED
ABN: 176 1128 1737
DIRECTORS' DECLARATION

1. The Directors of LaunchVic Limited ("the Company") declare that:
- (a) the financial statements and the notes to the financial statement as set out on pages 8 to 22 are in the Directors opinion in accordance with Section 295(4) of the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2020 and of the Company's performance for the year ended; and
 - (ii) Compliance with Australian Accounting Standards and Corporations Regulations 2001 and other mandatory professional reporting requirements.
 - (b) In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director _____
DocuSigned by:

CA3604132A8C450...
Leigh Jasper

Director _____
DocuSigned by:

F4E3BCF9DEEF415...
Aneetha de Silva

Director _____
DocuSigned by:

4F9A9A52B36948F...
Constantine Frantzeskos

Dated the 13th day of October 2020

Independent Auditor's Report

To the Directors of LaunchVic Limited

Opinion	<p>I have audited the financial report of LaunchVic Limited (the company) which comprises the:</p> <ul style="list-style-type: none"> • statement of financial position as at 30 June 2020 • statement of profit and loss and other comprehensive income for the year then ended • statement of changes in equity for the year then ended • statement of cash flows for the year then ended • notes to the financial statements, including significant accounting policies • directors' declaration. <p>In my opinion the financial report is in accordance with the <i>Corporations Act 2001</i> including:</p> <ul style="list-style-type: none"> • giving a true and fair view of the financial position of the company as at 30 June 2020 and its financial performance and cash flows for the year then ended • complying with Australian Accounting Standards and the <i>Corporations Regulations 2001</i>.
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the company in accordance with the auditor independence requirements of the <i>Corporations Act 2001</i> and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Other information	<p>The Directors of the company are responsible for the other information, which comprises the information in the company's annual report for the year ended 30 June 2020, but does not include the financial report and my auditor's report thereon.</p> <p>My opinion on the financial report does not cover the other information and accordingly, I do not express any form of assurance conclusion on the other information. However, in connection with my audit of the financial report, my responsibility is to read the other information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the other information, I am required to report that fact. I have nothing to report in this regard.</p>
Directors' responsibilities for the financial report	<p>The Directors of the company are responsible for the preparation of a financial report that gives a true and fair view in accordance with Australian Accounting Standards and the <i>Corporations Act 2001</i>, and for such internal control as the Directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors
- conclude on the appropriateness of the Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the Directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



MELBOURNE
22 October 2020

Simone Bohan
as delegate for the Auditor-General of Victoria